

PUBLIC DISCLOSURE

March 26, 2015

**CRA FOR MORTGAGE LENDERS
PERFORMANCE EVALUATION**

loanDepot.com, LLC

**26642 Towne Centre Drive
Foothill Ranch, CA**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.
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GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00 et seq., Mortgage Lender Community Investment (CRA), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the CRA performance of **loanDepot.com, LLC (loanDepot or the Lender)** prepared by the Division, the mortgage lender's supervisory agency, as of March 30, 2015

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA. A review of the Division's records, as well as the mortgage lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of loanDepot's:

- (a) origination of loans and other efforts to assist low- and moderate-income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly-situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

CRA examination procedures were used to evaluate loanDepot's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered loanDepot's lending activities for the period of January 1, 2013 through December 31, 2014. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2013 and 2014 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Home mortgage lending data for 2014 is illustrated in the mortgage lender's data, however, the mortgage lender's 2013 performance is weighted more heavily for purposes of assigning a rating. Comparative analysis is provided for the mortgage lender's 2013 lending performance as this is the most recent year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all lenders required to report loan application information pursuant to the Home Mortgage Disclosure Act (HMDA) which originated loans in the Commonwealth of Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S CRA RATING:

This mortgage lender is rated "Satisfactory"

- The geographic distribution of the mortgage lender's loans reflects a reasonable dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts in Massachusetts.
- The distribution of borrowers reflects, given the demographics of Massachusetts, an adequate record of serving the credit needs among individuals of different income levels, including those of low- and moderate-income in Massachusetts.
- loanDepot offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals.
- Fair lending policies and practices are considered reasonable.
- The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the mortgage lender provides an effective delivery of mortgage lending services throughout the Commonwealth and the lender demonstrates the ability to work with delinquent borrowers to facilitate a resolution of delinquency.
- The Lender provides few, if any, community development services, given the Lender's loan volume in the Commonwealth.

PERFORMANCE CONTEXT

Description of Mortgage Lender

loanDepot.com, LLC was originally incorporated as on April 1, 2009 as a California corporation. The Division granted loanDepot a mortgage lender and mortgage broker license on November 15, 2010. The Lender has dual headquarters in Foothill Ranch California and Plano, Texas.

loanDepot has several delivery channels that make up the loanDepot.com, LLC enterprise wide development. They include: loanDepot Direct Lending; established in January 2010, loanDepot Servicing; established in June 2012; imortgage; acquired in October 2013, and Mortgage Master; acquired in January 2015. The acquisition of Mortgage Master in 2015, a Massachusetts based retail lender, added a branch presence in Massachusetts through Mortgage Master's operations.

loanDepot receives applications over the internet through lead aggregator sites and through there network of branched and loan officers. The lender offers flexible lending products that benefit low- and moderate-income borrowers, including FHA and VA. The Lender is an approved seller and servicer for Fannie Mae, Freddie Mac, FHA, VA and Ginnie Mae lending products.

Demographic Information

The CRA regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

2010 CENSUS DEMOGRAPHIC INFORMATION						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,474	10.8	20.0	40.7	27.1	1.4
Population by Geography	6,547,629	8.9	18.9	42.8	29.2	0.2
Owner-Occupied Housing by Geography	1,608,474	2.9	13.7	48.9	34.5	0.0
Family Distribution by Income Level	1,600,588	19.3	17.8	24.4	38.5	0.0
Distribution of Low and Moderate Income Families	592,420	7.7	18.4	43.6	30.3	0.0
Median Family Income	\$86,272	Median Housing Value				373,206
Households Below Poverty Level	11.14%	Unemployment Rate				5.3%*
2013 HUD Adjusted Median Family Income	\$84,208	2014 HUD Adjusted Median Family Income				\$83,495

Source: 2010 US Census; *as of 12/31/2015

Based on the 2010 Census, the Commonwealth's population grew to just over 6.5 million people with a total of 2.7 million housing units. Of the total housing units, 1.6 million or 57.7 percent are owner-occupied, 904,078 or 32.5 percent are rental-occupied, and 9.8 percent are vacant units.

According to the 2010 Census, there are 2.5 million households in the Commonwealth with a median household income of \$69,101. Over 39 percent of the households are now classified as low- and moderate-income. In addition, over 11 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as “families” totaled slightly over 1.6 million. Of all family households, 22.3 percent were low-income, 16.7 percent were moderate-income, 20.8 percent were middle-income, and 40.2 percent were upper-income. The median family income according to the 2010 census was \$86,272. The Housing and Urban Development (HUD) adjusted median family income is \$84,208 in 2013 and \$83,495 in 2014. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contained 1,474 Census tracts. Of these, 160 or 10.8 percent are low-income; 295 or 20.0 percent are moderate-income; 600 or 40.7 percent are middle-income; 399 or 27.1 percent are upper-income; and 20 or 1.4 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual income that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$373,206 according to the 2010 Census. The unemployment rate for the Commonwealth of Massachusetts stood at 5.3 percent as of December 31, 2014, which was a decrease from December 31, 2013 when the unemployment rate was at 6.2 percent. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

The Lender faces strong competition from other financial institutions and mortgage companies that originate loans within the Commonwealth. Larger national institutions capture the top market share ahead of loanDepot and include, Wells Fargo Bank NA, JP Morgan Chase Bank NA, US Bank NA, Sovereign Bank NA, and CitiBank NA. The 2013 aggregate data shows that 818 lenders extended 404,954 HMDA reportable residential loans within the Commonwealth. loanDepot ranked 20th out of 818 lenders that originated at least one home mortgage in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

loanDepot's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of loanDepot.

loanDepot's Lending Test performance was determined to be overall "Satisfactory" at this time.

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well loanDepot is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income census tracts.

loanDepot's distribution of lending in the Commonwealth when compared to the demographics and aggregate lending data was considered reasonable. The table below shows the distribution of HMDA-reportable loans by census tract income.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>							
<i>Census Tract Income Level</i>	<i>2013 % Total Owner-Occ. Housing Units</i>	<i>2013 loanDepot</i>		<i>2013 Aggregate Lending Data</i>	<i>2014 % Total Owner-Occ. Housing Units</i>	<i>2014 loanDepot</i>	
		<i>#</i>	<i>%</i>	<i>(% of #)</i>		<i>#</i>	<i>%</i>
<i>Low</i>	2.9	32	3.6	2.8	3.1	25	3.8
<i>Moderate</i>	13.7	108	11.2	12.3	13.0	102	15.4
<i>Middle</i>	48.9	477	52.0	46.1	48.3	335	50.7
<i>Upper</i>	34.5	349	33.2	38.8	35.6	199	30.1
<i>Total</i>	100.0	966	100.0	100.0	100.0	661	100.0

Source 2013 & 2014 HMDA Data and 2010 U.S. Census

During 2013, lending to low-income census tracts exceeded the aggregate and demographics. In lending to moderate-income census tracts, the distribution of lending is slightly less than the aggregate and demographics. The trend in 2014 lending demonstrates an increase in percentage of lending in both low- and moderate-income census tracts.

Market Share reports indicate in 2013, loanDepot ranked 16th out of 567 lenders who originated loans to the Commonwealth's low- and moderate-income census tracts.

Overall, the mortgage lender's geographic distribution of residential real estate loans reflects a reasonable distribution throughout the Commonwealth.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the mortgage lender is addressing the credit needs of the Commonwealth's residents.

loanDepot has an adequate record of serving the mortgage credit needs among borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the Commonwealth in each respective income group.

<i>Distribution of HMDA Loans by Borrower Income</i>							
<i>Median Family Income Level</i>	<i>2013 % of Families</i>	<i>2013 loanDepot</i>		<i>2013 Aggregate Lending Data</i>	<i>2014 % of Families</i>	<i>2014 loanDepot</i>	
		<i>#</i>	<i>%</i>	<i>(%of #)</i>		<i>#</i>	<i>%</i>
<i>Low</i>	19.3	71	7.3	5.4	22.2	87	13.2
<i>Moderate</i>	17.8	171	17.7	15.9	16.5	126	19.1
<i>Middle</i>	24.4	257	26.6	22.9	20.6	196	29.6
<i>Upper</i>	38.5	387	40.1	43.7	40.7	218	33.0
<i>NA*</i>	0.0	80	8.3	12.1	0.0	34	5.1
<i>Total</i>	100.0	966	100.0	100.0	100.0	661	100.0

Source: 2013 & 2014 HMDA Data and 2010 U.S. Census

loanDepot's percentage of lending to low- and moderate-income borrowers in 2013 exceeded the aggregate lenders. In 2014, overall volume of lending decreased, however; the percentage of lending to low- and moderate-income borrowers increased. The highest percentage of lending was to middle- and upper-income borrowers in the Commonwealth followed by low- and moderate-income borrowers; this is in line with the area demographics as the majority of families in the Commonwealth are middle- and upper-income levels.

2013 Market Share Reports list all peer lenders that originated at least one loan in the Commonwealth. The market share reports indicate loanDepot is ranked 10th in lending to low-income borrowers among 495 other lenders who originated or purchased loans in the Commonwealth to this income group. Market share reports also indicate that loanDepot ranked 18th among 553 lenders who originated or purchased loans to moderate-income borrowers. Those lenders that ranked the highest include national banks and mortgage companies that have captured the largest portion of the market for these income categories.

III. Innovative or Flexible Lending Practices

loanDepot offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

loanDepot underwrites Federal Housing Administration (FHA) insured mortgages and is directly endorsed by Housing and Urban Development (HUD). The mortgage lender also offers Veterans Administration (VA) loans. The FHA and VA products offered provide competitive interest rates and

smaller down payments for low- and moderate-income first-time homebuyers and existing homeowners.

During the review period of 2013 and 2014, the mortgage lender closed 91 FHA loans, totaling \$21.5 million. Of the 91 FHA loans closed during the examination period, loanDepot originated 33 FHA loans to low- or moderate-income borrowers.

The VA Loan Programs are designed specifically for the unique challenges facing service members and their families. The program offers low closing cost, no down payment requirement, and no private mortgage insurance requirement. loanDepot offers fixed and adjustable VA loans and also the VA Interest Rate Reduction Loan Program. During 2013 and 2014, loanDepot originated 41 VA loans totaling \$9.9 million. Of these, loanDepot originated 11 loans to low-or moderate-income borrowers.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, a review of written policies and procedures, interviews with mortgage lender personnel, and an individual file review.

Overall the fair lending review did not identify any discriminatory issues and is considered satisfactory.

Loan Depot's fair lending policies and procedures apply to all residential mortgage transactions and adhere to of all loanDepot's delivery channels. Fair lending is further enforced through annual training courses required of all staff, including management. loanDepot's Fair Lending Committee is responsible for the oversight and implementation of the Fair Lending Program. The Committee is made up of representatives from each of the different business divisions. The fair lending representatives are responsible for communicating fair lending regulations and policies to the appropriate business unit managers and employees of their respective divisions.

MINORITY APPLICATION FLOW

For 2013 and 2014 loanDepot received 6,454 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. There were 635 racial minority applications received in 2013 and 2014, 22.2 percent resulted in originations. With regard to applicants of Hispanic origin within the Commonwealth, there were 384 applications received in 2013 and 2014 from this ethnic minority group and 19 percent were originated.

loanDepot's 2013 approval rate of 20.5 percent to racial and ethnic minority applicants was compared to the 2013 aggregate. The 2013 aggregate represents all lenders receiving HMDA reportable loan applications in the Commonwealth. The aggregate had a much higher application rate than loanDepot approving 70 percent of applications received from ethnic and racial minority applicants in the Commonwealth.

Demographic information for Massachusetts reveals the total ethnic and racial minority population stood at 23.8 percent of the total population as of the 2010 Census. This segment of the population is comprised of 9.6 percent Hispanic or Latino. Racial minorities consisted of 6.0

percent Black; 5.3 percent Asian/Pacific Islander; 0.1 percent American Indian/Alaskan Native; and 2.8 percent identified as Other Race.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW					
RACE	2013 loanDepot		2013 Aggregate Data	2014 loanDepot	
	#	%	% of #	#	%
<i>American Indian/ Alaska Native</i>	10	0.3	0.2	22	0.9
<i>Asian</i>	124	3.2	4.8	84	3.2
<i>Black/ African American</i>	127	3.3	2.4	174	6.7
<i>Hawaiian/Pac Isl.</i>	9	0.2	0.1	6	0.2
<i>2 or more Minority</i>	5	0.1	0.0	3	0.1
<i>Joint Race (White/Minority)</i>	35	0.9	1.2	36	1.4
Total Minority	310	8.0	8.7	325	12.5
<i>White</i>	2976	77.1	69.5	2001	77.2
<i>Race Not Available</i>	575	14.9	21.8	267	10.3
Total	3861	100.0	100.0	2593	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	169	4.4	2.8	136	5.2
<i>Not Hispanic or Latino</i>	3618	93.7	74.5	2358	90.9
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	47	1.2	0.9	32	1.2
<i>Ethnicity Not Available</i>	27	0.7	21.8	67	2.7
Total	3861	100.0	100.0	2593	100.0

Source: 2010 U.S. Census Data, 2013 & 2014 HMDA Data

In 2013, loanDepot's overall racial minority application flow was comparable to the aggregate's performance. loanDepot received a higher percentage of application from ethnic minorities of Hispanic origin than the aggregate. Based on the lending trends of 2014 data, the percentage of application from racial and ethnic minority applicants increased.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by loanDepot by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the mortgage lender was reviewed as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

loanDepot's Service Test performance was determined to be less than adequate and rated "Needs to Improve" at this time.

Mortgage Lending Services

loanDepot provides lending services to low and moderate income geographies and borrowers through home purchase and refinance transactions in Massachusetts. loanDepot generates applications through lead aggregator websites and all applications are received over the internet. With the acquisition of Mortgage Master, in January 2015, loanDepot's application and marketing footprint increased from primarily internet applications to serving prospective applicants through Mortgage Master's 11 retail based operations.

The majority of Massachusetts loans are sold to investors with servicing rights retained. loanDepot uses a third party sub servicer to service loans and oversees all servicing activities. During the examination period 1,724 loans were serviced within the Commonwealth. Additionally, loanDepot works with delinquent home mortgage borrowers through an internal loss mitigation department. The loss mitigation options available include; forbearance agreements, loan repayment plans, short sales, deed in lieu of foreclosure, and loan modifications. Loan servicing and loss mitigation services are offered via the telephone, internet, and direct mail to all borrower income levels and geographies.

The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable. Overall, the mortgage lender provides an effective delivery of mortgage lending services throughout the Commonwealth and the lender demonstrates the ability to work with delinquent borrowers to facilitate a resolution of delinquency.

Community Development Services

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services..

loanDepot provided few, if any, community development services during the examination period considering the Lender's loan volume within the Commonwealth. It is recommended that a strong focus and proactive commitment on the part of management should be employed in community development activities that meet the definition of community development under the CRA regulation and benefit the Commonwealth of Massachusetts.

loanDepot participated in the Western Massachusetts Credit for Life Fair held at Holyoke Community College. The fair educates high school students in financial literacy, including balancing a check book, budgeting, and loan credit decisions. The high school participants are from predominantly low- and moderate income communities such as Springfield, West Springfield, Chicopee, Easthampton, and Holyoke. Additionally, loanDepot made a donation of \$7,500 to an organization that offers first time homebuyer assistance and affordable and sustainable housing across Massachusetts.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.